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"To enrich lives through effective and caring service"

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September 13, 2012

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Tom Tindall *Tom Tindall*
Director

Subject: **ENERGY UPGRADE CALIFORNIA – LOS ANGELES COUNTY
STATUS REPORT (RESPONSE TO ITEM 15, AGENDA OF
MARCH 6, 2012)**

On March 6, 2012, your Board, on motion of Supervisor Yaroslavsky, instructed the Chief Executive Office (CEO) and the Director of the Internal Services Department (ISD) to:

1. Maintain data, which shall be updated as often as feasible but no less than once per month, showing the number of participants within each component subprogram of Energy Upgrade California – Los Angeles County (EUCLA), including data showing the number of participants who have, within each subprogram: (a) applied for participation in each of the respective sub-programs, (b) received approval of their application, (c) begun physical improvements of their home / commercial location (where applicable), (d) completed physical improvements (where applicable), and (e) received rebate checks or otherwise successfully finished their participation in the program;
2. Establish goals for the number of total participants over the life of the program for EUCLA overall and within each subprogram;
3. Establish benchmarks by month for EUCLA overall and within each subprogram by which the progress of the total program and each subprogram shall be measured;

4. Maintain a narrative description, which shall be made available to the Board of Supervisors no less than once per month, of the steps taken to improve performance of EUCLA overall and for any subprogram in any month in which the benchmarks established in #3 are not met for EUCLA overall and for each subprogram, potentially including, as the CEO and Director of ISD deem appropriate, a reallocation of resources from underperforming subprograms to subprograms that are meeting or exceeding benchmarks.

This memorandum provides the seventh status report on the EUCLA program, updated through August 2012.

In accordance with your Board's instructions, Attachment I provides graphics and narratives illustrating status for the Advanced, Basic, and FlexPath subprograms of EUCLA. Additional graphics and narratives show goals and monthly benchmarks to measure progress as well as program changes, lessons learned, and program revisions to increase program participation and/or reallocate resources.

The month of August provided the largest single-month increase of Advanced/Basic path project applications since the beginning of the program (103 new project applications). This is particularly significant in that it is attributed to municipal utility territories only. Southern California Edison provided no project reporting for the month of August, due to implementation of a new project data tracking and reporting program, which is not yet fully functional. Had SCE reported on their project applications for the month, this number of new projects would have been much larger.

FlexPath project applications continue to meet or surpass expectations as well.

ISD continues to work closely with grantor agencies, the energy contractor community, finance professionals, and the project team to design initiatives to increase program participation. EUCLA will continue to adapt as the energy efficiency market develops.

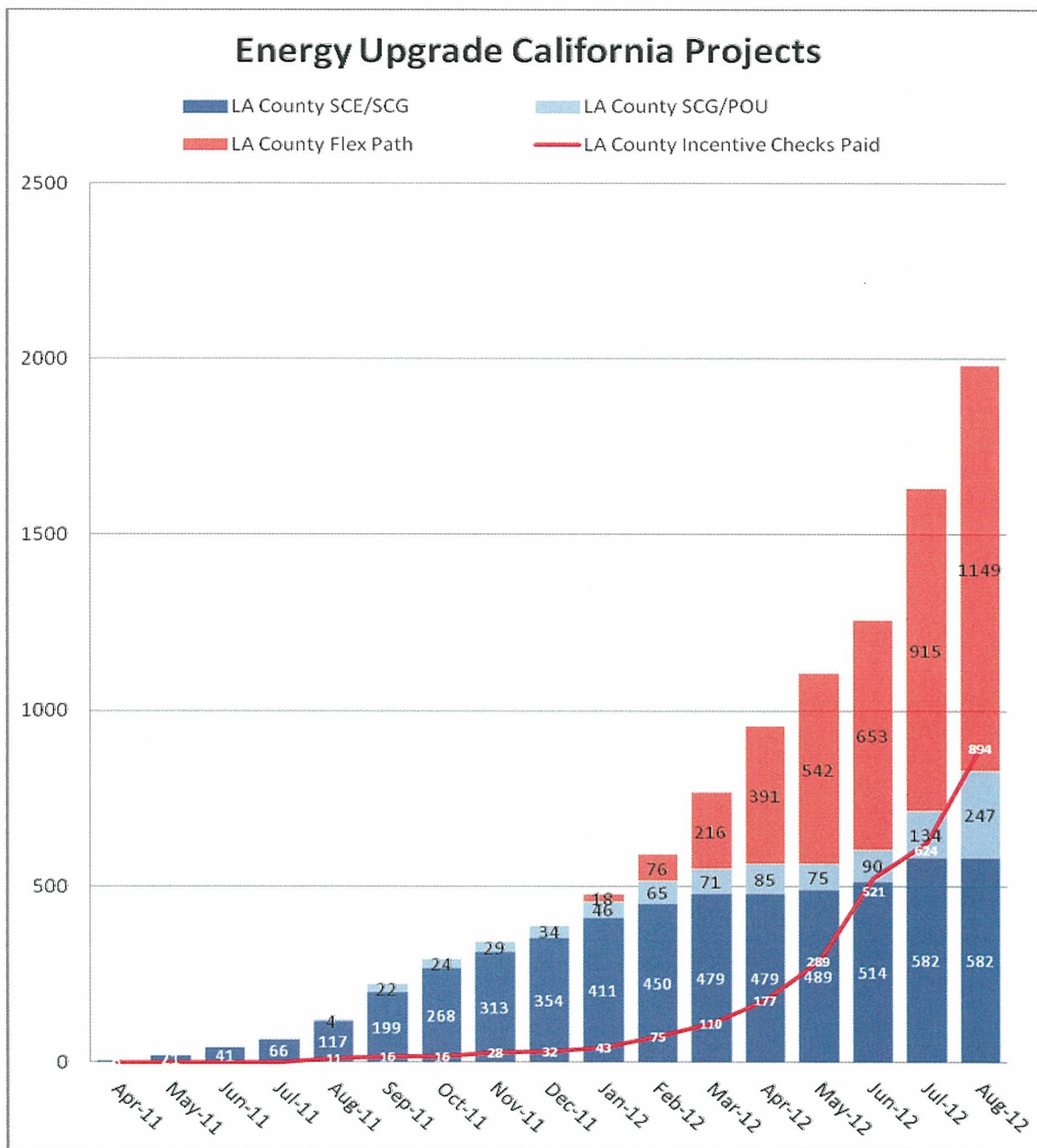
If you have any questions, please contact me at 323-267-2101.

TT:JJ:HC:TW

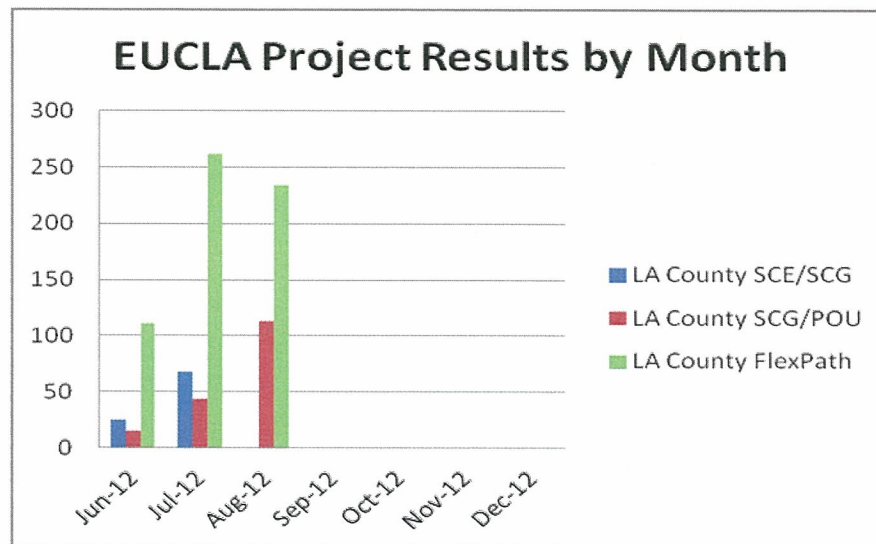
c: ISD Board deputies
Chief Executive Officer
Executive Officer, Board of Supervisors
Deputy CEO

Monthly EUCLA Graphics/Narrative – Through September 1, 2012

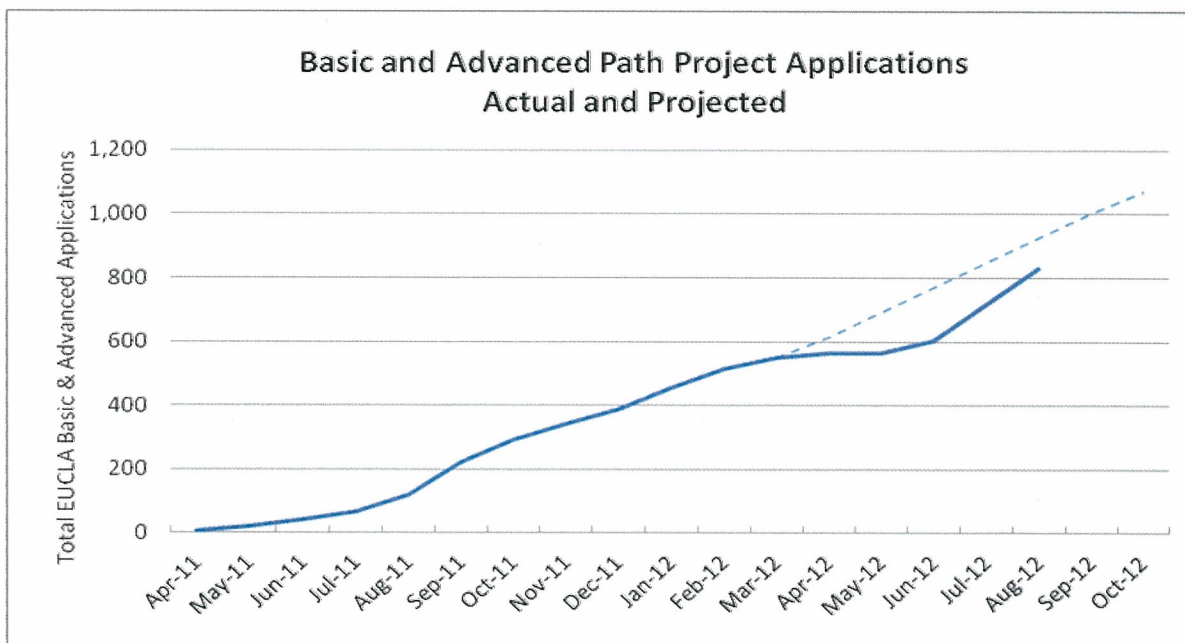
The following are status charts and supporting narrative, summarizing significant program accomplishments for the month of August for the Energy Upgrade California in Los Angeles County (EUCLA) program and its subprograms. August results show the largest single-month increase of Advanced/Basic path projects since the beginning of the program (103 new project applications). This is specifically in the SCG/POU territories, which is most likely attributable to SCG offering an increased summer rebate in the POU areas. The SCE number is static due to no reporting data being released by SCE. They have implemented a new project data tracking and reporting program, which is not yet fully functional.



Monthly EUCLA Graphics/Narrative – Through September 1, 2012



This new graphic (above) was added to the report last month, and is a summary view of only the new project applications added in recent months. As noted previously, there was no report available for SCE projects this month, hence the lack of any blue bar for SCE results in the month of August. Below is the cumulative total of all Basic and Advanced path project applications that were submitted (Not including FlexPath). The month of August shows continued strong uptake with 113 new project applications. However, it should also be noted that this August number is made up of SCG/POU projects within non-SCE territories only, as there was no report available from SCE.

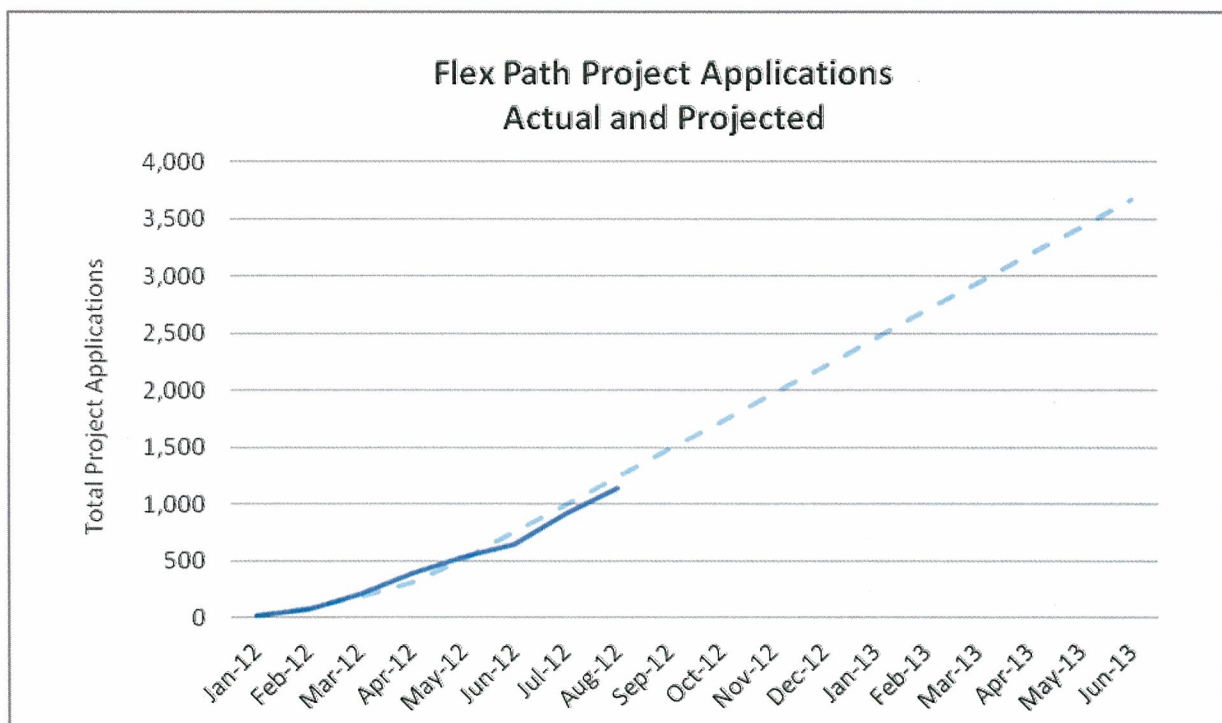


Monthly EUCLA Graphics/Narrative – Through September 1, 2012

On August 29, EUCLA announced that the LA County matching incentive for Basic and Advanced path projects would be ending on September 28, 2012. This has been necessitated by the exhaustion of grant funds budgeted for these incentives. Notification was distributed through all possible means to inform both contractors and homeowners of this upcoming deadline for project applications. For homeowners who submit their LA County and utility project applications prior to the September 28 deadline, they will have until February 1, 2013 to complete construction and receive utility approval of their project. The following is the detailed description from the press release of August 29:

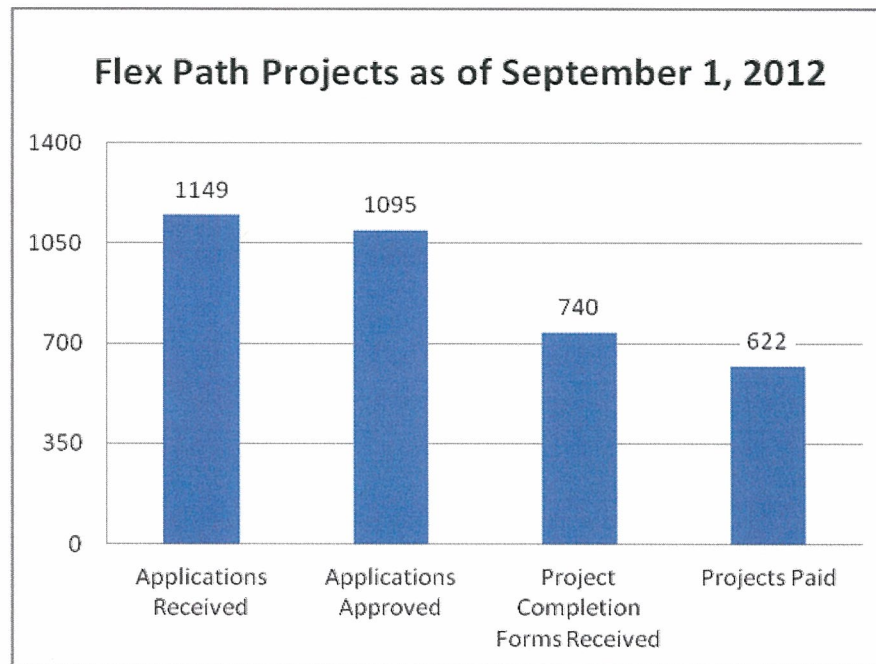
“Owners of detached, single-family homes must submit a completed and date stamped LA County Incentive Application as well as a date stamped Utility Confirmation of Incentive Reservation on or before Friday, September 28 in order to qualify for up to \$4,000 in LA County incentives. To ensure that homeowners receive their matching LA County incentive funds, projects must be completed by no later than February 1, 2013 with a utility quality-control (QC) approval date stamped on or before February 1. LA County homeowners will still be able to qualify for up to \$4,000 in rebates from Southern California Edison and Southern California Gas Company for Basic and Advanced Path projects beyond September 28th.”

Funds are still available for County incentives in the FlexPath program, which continues to perform very well as shown in the graphic below. This represents cumulative FlexPath project applications submitted through the end of August. The program maintains rapid growth this month, with 234 new project applications submitted.



Monthly EUCLA Graphics/Narrative – Through September 1, 2012

The following chart delineates results for specific milestones in the FlexPath project processing. A total of 1149 project applications had been received as of August 31, and 1095 had been approved to proceed with construction. 740 projects have been completed and 622 homeowners have received their County incentive payment.

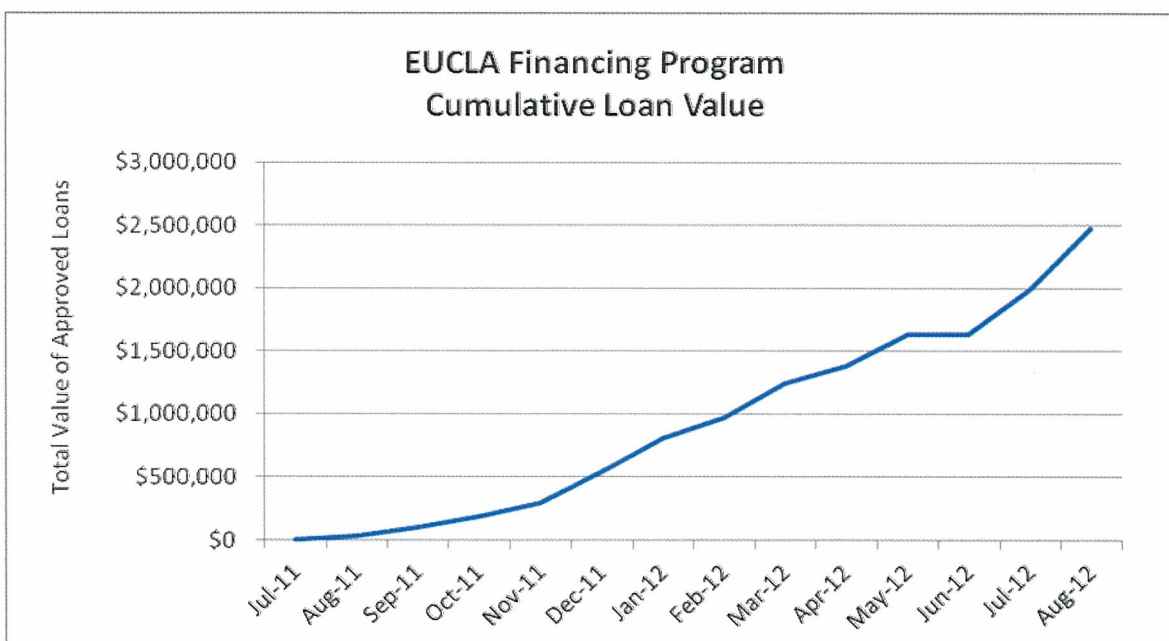
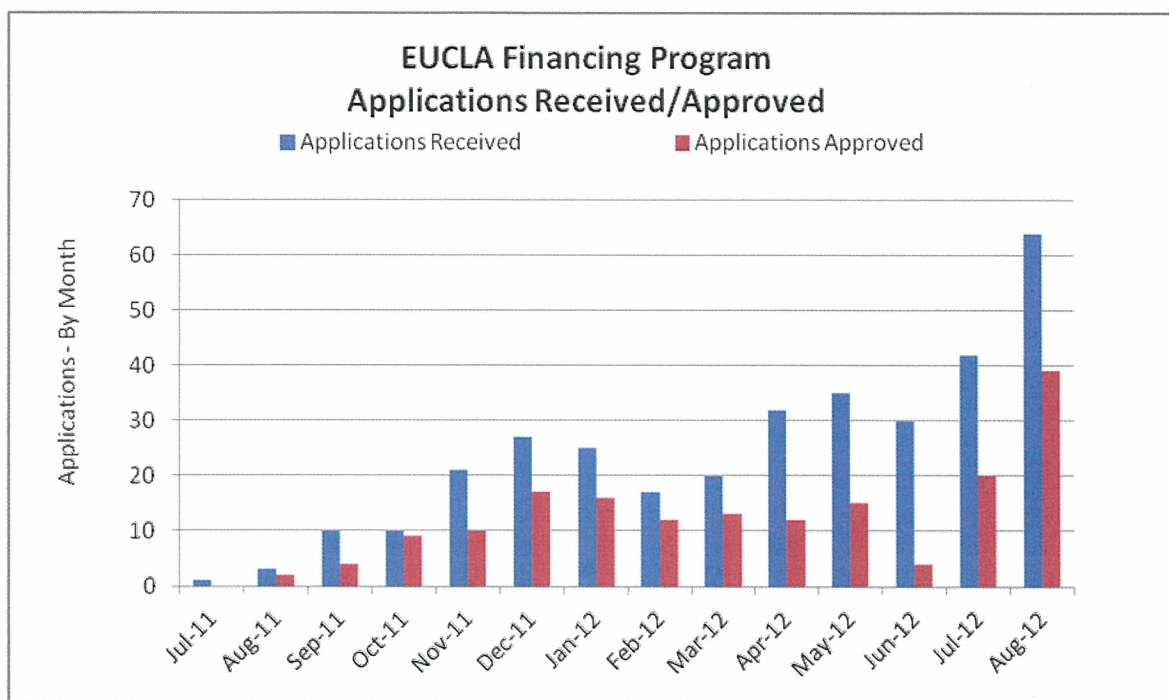


The next table (below) is a breakdown of all project applications submitted within the Los Angeles County portion of the Energy Upgrade California program, by project type (cumulative totals), along with average energy savings achieved, average cost of the retrofit projects, and the average rebate amounts received by homeowners. Unfortunately, there was no report available for the month of August from SCE, so the totals for Advanced and Basic projects are skewed slightly by having data for this month from SCG only.

Breakdown of Upgrade Projects and Cost/Savings (August 2012)				
Project Breakdown - LA County	Number of Projects	Average Energy Savings	Average Cost	Average Rebate (Utility + LA County)
Advanced - 40% of Projects	792	28%	\$12,651	\$5,134
Basic - 2% of Projects	37	10%	\$4,329	\$2,000
Flex - 58%	1149	16.7%	\$5,448	\$1,500*

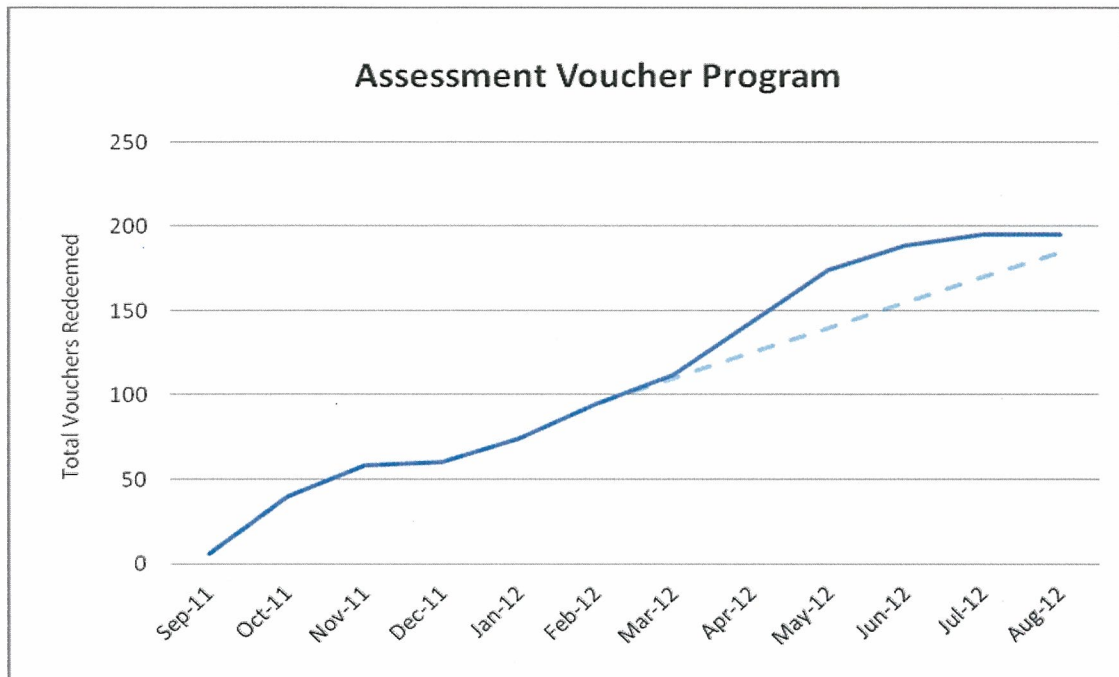
**This incentive is paid by LA County only. Some Utility single measure rebates may be added.*

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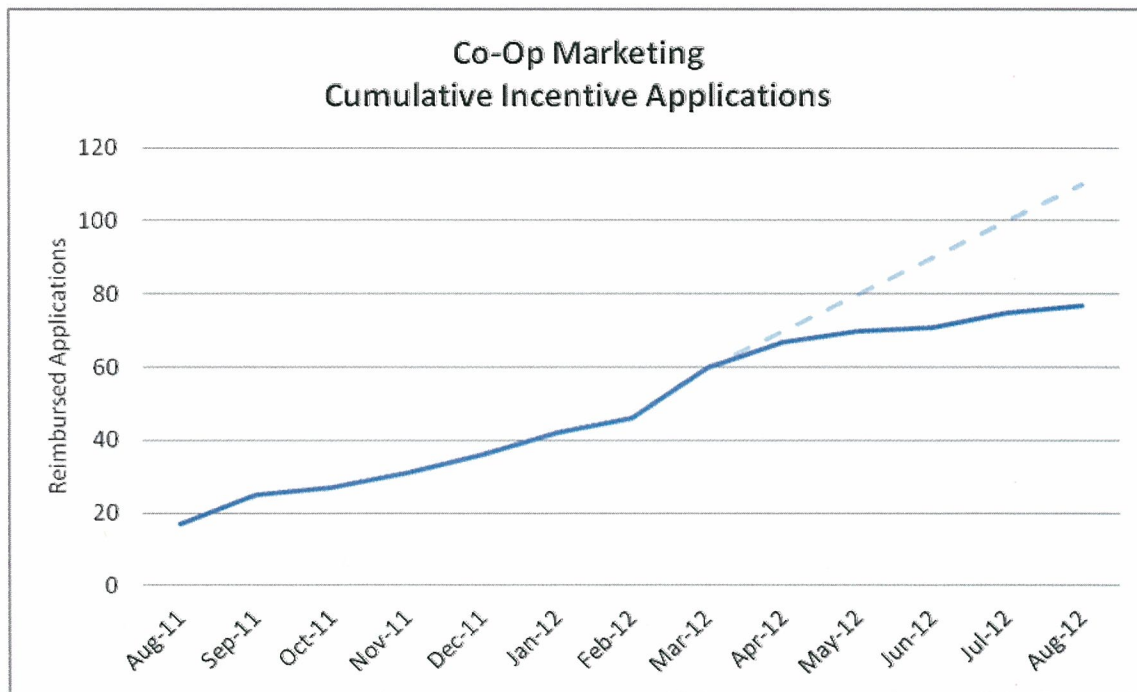


As evidenced in the financing program charts above, August has been the most productive month in the program to date. 64 applications were submitted by homeowners, and 39 were approved and funded. Our total program funded loan amount has now reached \$2.5 million. A great deal of the additional activity is for financing FlexPath projects. In many cases homeowners are performing additional efficiency upgrades to achieve higher energy savings, and in turn, applying for two or more FlexPath project incentives (based on the point value of the measures chosen).

Monthly EUCLA Graphics/Narrative – Through September 1, 2012



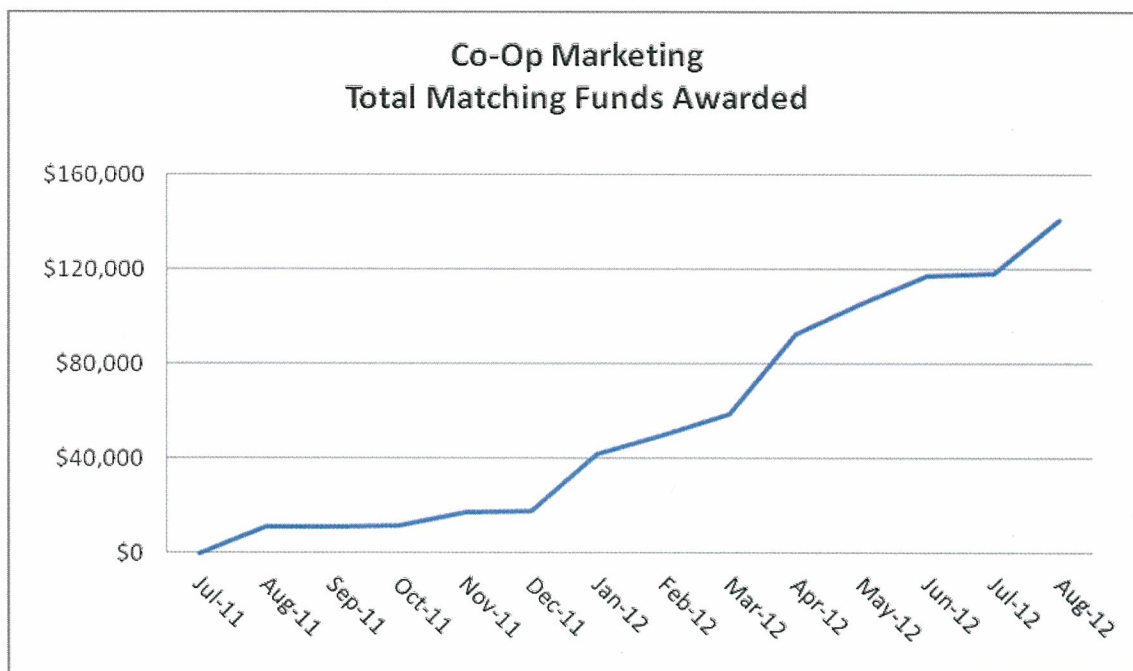
The graphic above shows a cumulative total of assessment vouchers, which have been redeemed by homeowners to mitigate the initial cost of an energy efficiency assessment. Although the month of August shows no vouchers being redeemed, this was anticipated as voucher distribution ended some months ago and the program is drawing to a close. These results clearly demonstrate that the voucher program has been a success.



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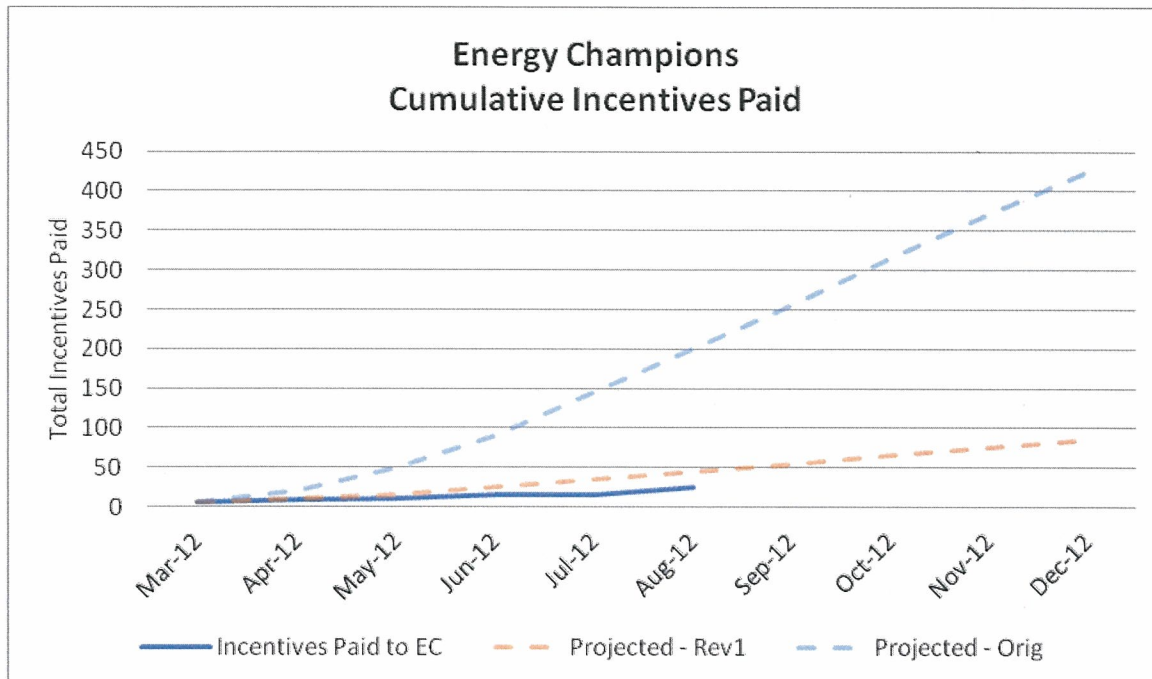
The Co-Op Marketing chart on the previous page would appear to show that Contractor Co-Op Marketing applications are well below projections, but there are many factors that contribute to this “leveling-off” effect. There is a finite pool of approximately 90 approved contractors that may make use of this program, and a smaller number of those are actively performing retrofit projects in the EUCLA program. August is also the month in which it was announced that the LA County incentive match for Advanced/Basic projects would be ending in September. Following that announcement, most contractors will probably not invest in many advertising materials, especially those that reference incentives.

To provide a more complete context for the Co-Op Marketing program, the following graphic represents the total matching funds awarded to date. This demonstrates that although the number of unique applications for matching incentives has leveled off, the overall funds usage has been relatively consistent over the past 8 months.

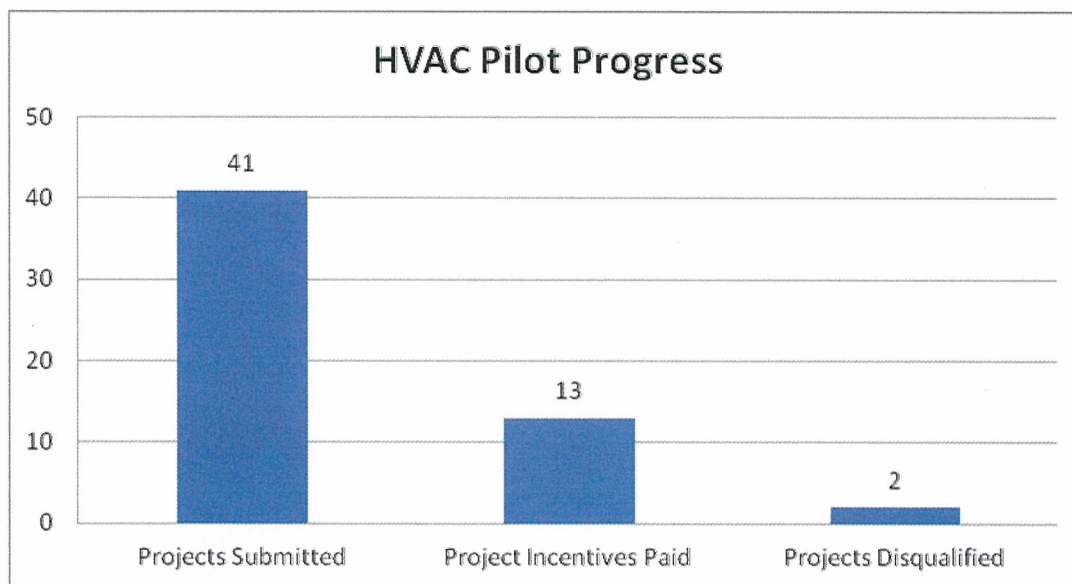


The Energy Champions program got off to a slow start, and experienced various setbacks along the way, but the month of August has been very productive. Energy Champions have now submitted a total of 134 project applications, 50 in the month of August alone, the highest number ever in a single month. Although there were only a total of 10 incentive payments issued during August, there were a large number of project completion forms submitted for approval, which should provide a significant increase in paid incentives for the month of September. (See chart on Page 8)

Monthly EUCLA Graphics/Narrative – Through September 1, 2012



(Revisions have been made to the Energy Champions program, and this chart has been revised to reflect an adjusted projection for total projects).



For this month we are including a graphic for the HVAC contractor pilot program, which launched in May. This program provides training and incentives to encourage existing HVAC contractors to expand their business to include whole-house energy efficiency retrofit work. A total of 41 projects have been submitted for approval in the HVAC contractor pilot program, 7 in the month of August.

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Multifamily Pilot - The Multifamily program has a total of eleven active, approved projects, consisting of 914 total residential units that are now in various stages of planning/design for recommended efficiency measures, or in some cases, currently undergoing retrofits. This level of participation potentially represents being fully subscribed for the available incentive budget of \$950,000, based on an assumed energy savings level for each project. As the projects complete the construction phase, and final energy savings are determined, the actual incentive amounts will likely be somewhat less than budgeted. This will likely leave some unspent incentive funds to allow additional multifamily projects; or if there is insufficient time to complete additional multifamily projects, these funds can be used for FlexPath project incentives.